

Virginia Housing Commission

April 3, 2007

**General Assembly Building
House Room C**

Meeting Summary

Members Present:

Delegate Terrie Suit, Chair
Senator John Watkins, Vice Chair
Senator Mamie Locke
Senator Mary Margaret Whipple
Delegate John Cosgrove
Delegate Bob Hull
Delegate Danny Marshall
Delegate Melanie Rapp
Mr. Gary Garczynski
Mr. Andy Heatwole
Mr. T.K. Somanath

Delegate Terrie Suit called the meeting to order at 10:12 A.M.

Speakers included Susan Dewey, Executive Director of the Virginia Housing Development Authority (VHDA); Bill Shelton, Director of the Department of Housing and Community Development (DHCD); Jay DeBoer, Director of the Department of Professional and Occupational Regulation (DPOR); Cheri Hainer from the City of Virginia Beach; Frank Eck, representing the Virginia Resort Development Association; and Elizabeth Palen, Commission Coordinator.

Susan Dewey began by giving an overview of the Virginia Housing Development Authority. VHDA serves approximately 30% of the overall housing market, with their primary focus being on the specific needs of low and moderate-income Virginians. They offer affordable, secure alternatives to high-risk loans by offering only long-term and fixed-rate loans. The VHDA does not offer sub-prime loans, which are 3% higher than a standard rate loan. Their mortgage loans continue to perform well; Virginia's foreclosures remain below the national average. Looking ahead, VHDA faces two challenges: capital capacity and affordability. Regarding capital capacity, VDHA has maintained a high loan volume despite the volume cap; however, recycling of loan prepayments is being reduced and reliance on reallocations from unused set asides makes

program volume difficult to manage. Regarding affordability, the ratio of housing cost-to-income remains extremely high, despite healthy income growth. The main factors impacting cost are shortages of developable residential land, constraints on residential densities, and local regulatory fees and proffers. Financing and subsidy programs cannot fully address this issue. VHDA has also expanded its focus to include building strong, sustainable communities, and they are focusing on property management in order to do so. VHDA is also working with developers and localities to support new development models that will help in producing affordable housing. They are taking the lead in financing mixed-use and mixed-income developments to support neighborhood revitalization. Even in a difficult market environment, VHDA is exceeding expectations.

Bill Shelton, Department of Housing and Community Development, provided the commission with an overview of his agency's work. DHCD's role in housing is expanding home ownership options, addressing gaps in affordable housing, decreasing the level of substandard housing, building the capacity of not-for-profit housing developers, and intervening to prevent homelessness by providing shelter and services to those individuals.

Besides housing, DHCD also plays a role in building and fire regulations, where they strive to achieve uniformity in the implementation of the state building and fire codes through training, technical assistance and the appeals process. Developments this year with building and fire codes include updating the codes with an expected effective date of March 2008. The inspection function of the State Fire Marshal was transferred from DHCD to the Department of Fire Programs, effective July 1, 2008.

The DHCD also plays a role in community and economic development. They revitalize distressed areas, foster entrepreneurship, develop community infrastructure, and build more livable communities. Efforts to extend broadband to the Eastern Shore, Northern Neck and Middle Peninsula received increased funding, and the budget conference report transfers \$17 million in funding for Water Quality Improvement Fund.

And finally, developments in housing include an additional \$2.5 million for indoor plumbing assistance and study of IPR program, and the Livable Home Tax Credit was expanded to allow tax credits for new residential construction that will take effect January 1, 2008. After Mr. Shelton's presentation, there were many questions about the cost of indoor plumbing. The cost is usually \$50,000 or more per unit because of the need to put in a well and septic system, and Mr. Shelton stated it is usually more cost effective to build a new home.

Jay De Boer, Department of Professional and Occupational Regulation, gave a presentation on three specific areas within his agency: Common Interest Communities, Fair Housing, and Alternative Onsite Sewage Systems.

The Common Interest Community Management Information Fund promotes the improvement and efficient operation of communities through research and education. The Fund supports various education initiatives, including: "Meet Your Liaison"

Regional Public Meetings, where citizens have a question and answer session with the DPOR liaison; "Before You Buy" Brochure, a guide to homeowner associations; and Property Owner Associations of Virginia Seminars. The liaison position was established by the Virginia General Assembly in 2001, and serves as a resource on issues relating to governance, administration, and operation of common interest communities. In 2006, condominium registration filings decreased by almost 20%. This year, only twenty-eight applications have been received, compared to 180 that were received in 2006.

The Fair Housing Act, established in 1968, offers federal protections for individuals and groups based on race, color, religion, national origin, sex, familial status, or handicap. Virginia takes it one step further by prohibiting discrimination against the elderly; elderly being defined as a person over the age of 55. The Fair Housing Office is the investigative arm of the Fair Housing Board and the Real Estate Board. They investigate complaints and provide training throughout Virginia. The Office has received 162 complaints since the beginning of this fiscal year. The Board found reasonable cause to issue charges in eight of those complaints, and conciliated 17. Legislation was offered this year to amend the composition of the Fair Housing Board. The Board will have one of the two residential property management reps be a member of either a Property Owners' Association or a Condominium Association. The board will be increased to 12 members.

Regarding alternative onsite sewage systems, DPOR is required to license onsite soil evaluators. The regulatory program was originally run by the Health Department, but DPOR will take over as of July 1, 2009, and will add Onsite Sewage System Professionals to the existing Board for Waterworks and Wastewater Works Operators. The board will be expanded to 11 members, adding a citizen member, and onsite soil evaluator, and two onsite sewage system professionals. DPOR is in discussion to resolve some conflicts with the Department of Health over who is qualified to design residential onsite sewage treatment systems.

Finally, an update was given on the Receivership Association Management Fund. Koger Management Group was found to be embezzling funds for the past two years. The Real Estate Board was notified and a motion of injunctive relief was filed. This was possible through § 54.1-2108 of the Code of Virginia, because Koger had a real estate license and posed a danger to his clients. The decision was made that an attorney would be assigned to serve as a monitor to see that compensation payments would be made to the Homeowner's Association.

Cheri Hainer discussed HB 2554 (Ebbin, 2007) which requires all new commercial, industrial, institutional, and multifamily buildings to be constructed or equipped so that emergency public safety personnel may send and receive emergency communications from within them. Currently, the Board of Housing and Community Development is directed to promulgate regulations as part of the Statewide Building Code to require that commercial, industrial, and multifamily structures be so designed or equipped. Emergency communication equipment includes two-way radio communications, signal booster, bi-directional amplifiers, radiating cable systems or internal multiple antenna. This bill requires emergency communication equipment be provided in new buildings

and structures as to allow public safety personnel to send and receive communications. The concern is that the state will not be able to tap into the locality equipment because the equipment may not be the same. A decision was made to notify the Joint Commission on Technology and Science about this bill.

Frank Eck gave a presentation on Time-Share Ownership. In 1975 time shares began to emerge as a form of vacation. In 2006, there were 1,607 timeshare resorts nationwide; there are 6.2 million timeshare intervals owned by individuals. The average age of a timeshare holder is 59, with an income of \$82,500. Of timeshare holders, 84% are married and 78% do not have children living in the household; and over 50% have achieved an education level of Bachelor's degree or higher. The industry itself creates 565,000 jobs and creates \$21 billion in salaries. Virginia is a 60 million person market, and we have 39 projects in the Commonwealth, the 12th largest timeshare market in the country.

Elizabeth Palen briefly discussed the outcome of the bills from the previous session, and went over the bills that might be discussed this coming year. She also touched on the organizational plan for the interim. Currently, there will be five policy areas to study: Residential Land Use and Development, Housing Subsidies and Mortgage Financing, Common Interest Communities, Housing and Environmental Standards, and Coordination of Housing and Community Services, but this is still subject to change. In addition there will be a sub-work group on Onsite Sewerage Issues.

Delegate Suit asked the Commission and audience members to request which work group assignment(s) they would like for the 2007 interim. She also briefly spoke on the organization of the policy areas (established October 2006) and what bills will be studied by what work group.

Public Comment:

Ed Ware, from the Norfolk Redevelopment and Housing Authority, spoke about National Association of Housing and Redevelopment Officials (NAHRO). From March 21 - April 9, 2007, affordable housing advocates will be participating in a campaign through sponsoring events designated to highlight affordable housing issues. Nine out of 10 Americans say that affordable housing is an important issue, and 75% say that this issue will affect how they vote in the Presidential election in 2008. He asked interested parties to visit www.nahro.org for more information.

The meeting was adjourned at 12:00 P.M.